ANNUAL SERVICE PLAN REPORT
FISCAL YEAR 2011/12

FOR THE PERIOD APRIL 1, 2011 TO MARCH 31, 2012

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MESSAGE FROM THE CHAIR

Jill Leversage
Chair, BC Innovation Council

Jill Leversage, Chair, BC Innovation Council

Dear Minister Bell,

On behalf of the Board of Directors and the employees of BCIC, I am pleased to present the organization's Annual Service Plan Report for the fiscal year 2011/2012.

BCIC remained in a strong financial position at the end of fiscal 2011/12, having unrestricted net assets of $6.3 million. Along with the funding it received from the Ministry of Jobs, Tourism and Innovation, BCIC continued to partner with federal and provincial government agencies, research institutions, industry and regional groups to carry out programs and initiatives that align with our mandate.

From a fiscal perspective, 2011/12 expenditures totaled $10.341 million; this total is in line with the forecast set out in our 2011/2012 Service Plan. In addition, BCIC met or exceeded all the targets set for our measures.

Innovation and the commercialization of technology are widely acknowledged as major driving forces of economic growth and prosperity. As we make our way through a new decade, BCIC will be at the core of strengthening and developing our province's knowledge economy.

Over the past 12 months, BCIC has continued to work closely with its partners in industry and academia to deliver programs and initiatives to develop entrepreneurial talent and promote the commercialization of technology. For example:

- The BCIC Mentor Program, delivered in partnership with Academy for Technology CEOs (ACETECH), is a province-wide development program for early-stage entrepreneurs to help improve the success of technology companies in British Columbia. As of March 31, 2012, more than 95 mentors have been accredited and accepted into the program. In 2011, the program expanded its activities in the Lower Mainland to include Victoria and the Okanagan.
- BCIC also financed eight regional councils that make up the British Columbia Regional Science and Technology Network (BCRSTN) and nine University Industry Liaison Offices in 2011/2012. The direct services and programs offered by the regional councils and industry liaison offices continue to be instrumental in helping BCIC achieve its mission.

Greater detail of BCIC's activities over the past fiscal year can be found in the following pages of this 2011/2012 Annual Service Plan Report.

BCIC underwent an organizational review of its programs and operations in 2011, conducted by the Ministry of Jobs, Tourism and Innovation. The review resulted in a renewed focus of the Council's mandate, to accelerate the commercialization of technology through supporting startups and the development of entrepreneurs. BCIC is the Province's lead organization with such a mandate.

As a result of the 2011 organizational review, BCIC will work with the Ministry of Jobs, Tourism and Innovation to adjust its goals and its respective measures, in alignment with the review recommendations and the revised budget. Significant adjustments to the measures will be published by BCIC.

Through leveraging of funds, knowledge and industry expertise, BCIC continues to maximize the value of every dollar spent. BCIC's existing resources are fully committed to Board-approved programs and initiatives.

To achieve BCIC's mission of accelerating the commercialization of technology through supporting startups and the development of entrepreneurs, BCIC is continuing to implement the following strategies to fortify British Columbia's technology sector and support the creation of new technology jobs in British Columbia:

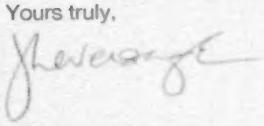
- BC Acceleration Network: Built on existing programs, establish a Province wide team of Venture Advisors delivering a structured Venture Acceleration Program, supported by Volunteer Mentors;

- Measurement: Establish a new measurement system, focused on company success and jobs, to identify the impact and effectiveness of our programs;
- BC Jobs Plan: Work closely with the Ministry and industry on initiatives to nurture and benefit companies across all eight key sectors as identified by the British Columbia Jobs Plan;
- Regional Innovation: Through a network of regional innovation hubs, provide support to companies and entrepreneurs across British Columbia;
- Funding Partnerships: Leverage funding in partnership with federal and private industry to maximize impact of investment for the Province;
- Academic Partnerships: Support the building of partnerships between industry and post-secondary institutions;
- New Programs: Identify gaps in the market then design and deliver specific programs to meet industry need, before passing to partners for ongoing development;
- Reward Success: Only reinvest in programs that have proven to be successful to companies; and
- Awareness: Demonstrate our success globally in order to retain and attract entrepreneurs.

We are confident that the dollars expended to cultivate the entrepreneurial infrastructure in British Columbia will continue to pay off and in turn, create more job opportunities. BCIC, with strong support from its industry partners and government, will strive to work even harder to promote entrepreneurial talent and commercialization of technology.

I would like to thank you, as well as Deputy Minister Dana Hayden and Ministry personnel, for your strong support. I look forward to our continued conversations and collaborations as we work towards building the best economic opportunities for British Columbians and strengthening BCIC's role in growing our knowledge economy.

Yours truly,



Jill Leversage
Chair, BCIC

June 6, 2012

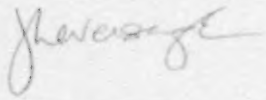
ACCOUNTABILITY STATEMENT

The 2011/12 BC Innovation Council Annual Service Plan Report was prepared under the Board's direction in accordance with the Budget Transparency and Accountability Act. The Board is accountable for the contents of the report.

The information presented has been prepared in accordance with the BC Reporting Principles and reflects the actual performance of BCIC for the 12 months ending March 31st, 2012. The measures presented are consistent with the BCIC's mission, goals and objectives, and focus on aspects critical to the organization's performance.

The Board is responsible for ensuring internal controls are in place to confirm that performance information is measured accurately and in a timely fashion.

All significant decisions, events and identified risks as of March 31, 2012, have been considered in preparing the report. The report contains estimates and interpretive information that represent the best judgment of management. Its contents are consistent with the Shareholder's Letter of Expectations received from the Province in 2011.



Jill Leversage
Chair, BCIC

June 6, 2012

TABLE OF CONTENTS

Message from the Chair 3
Accountability Statement 5
Organizational Overview 7
- Enabling Legislation 7
- Mandate 7
- Vision 7
- Mission 7
- Values 7

Overview of Core Business Areas 8
- BCIC Programs 8
- Program Area: Entrepreneurial Talent Development and Retention 8
- Program Area: Commercialization of Technology 8
- Program Area: Technology Awareness 9
- Benefits for British Columbians 10
- Principal Partners, Clients and Stakeholders 10

Corporate Governance 11
- The Board 11
- Board Committees 11
- Senior Management Team 12
- Governance Principles 12
- Governance Disclosure 12
- Location 12

Report on Performance 14
- Goals, Objectives, Key Strategies, Measures and Targets 14
- Goal 1: Entrepreneurial Talent Development & Retention 14
- Goal 2: Commercialization of Technology 16
- Goal 3: Increase Awareness of BC's Knowledge Economy 17
- Benchmarking 18
- Management's Confidence in Data Integrity 18

Opportunities and Challenges 19
Risk and Capacity Issues 19
Government's Letter of Expectations 20
Financial Report 22
Management Discussion and Analysis 22
Future Outlook 25
Statement of Managment Responsibilty 26
Financial Statements: BC Innovation Council 27
Notes to Financial Statements for BC Innovation Council 33
Appendix A: Startup Growth Components 42

ORGANIZATIONAL OVERVIEW

ENABLING LEGISLATION

The BC Innovation Council is a provincial Crown agency operating under the British Columbia Innovation Council Act (Amended in Bill 15 - 2006).

MANDATE

The Provincial Government has provided the following direction to the Council in order to ensure it fulfills its objectives as stated in Section 3, Objectives of Council, of the British Columbia Innovation Council Act:

- Encourage development and application of advanced or innovative technology and the talent that drives it to meet the needs of industry in British Columbia. This includes the implementation, administration and funding of programs and the organization and management of projects and initiatives that serve to further the objectives set out in this section;
- Consider all matters brought to its attention by the Minister and if required by the Minister, report its findings to the Minister;
- Formulate recommendations to the government respecting the acquisition, development and dissemination of scientific, technological and scholarly knowledge to promote the industrial, economic and social development of British Columbia;
- Advise the Minister on implementation of science policy;
- Gather and organize information on scientific research;
- Facilitate discussions on science policy with Canada or a province or with an interested person;
- Recommend to the Minister, the establishment and awarding of fellowships, scholarships, exhibitions, bursaries, grants and prizes to encourage development of improved technology and retention of skilled research personnel in British Columbia; and,
- Evaluate research and development proposals and make recommendations to the Minister respecting funding of these proposals.

VISION

A strong and rapidly growing knowledge economy.

MISSION

To promote the development of entrepreneurs and the commercialization of technology.

VALUES

- **Integrity**: The Council is firmly committed to meeting the highest standard of integrity expected by citizens and government alike. As a result, BCIC is openly accountable in all its activities by ensuring that efficient, transparent and fair processes are followed.
- **Entrepreneurial Spirit**: Just as BCIC promotes an entrepreneurial spirit amongst those starting ventures in the province, it is committed to fulfilling its own mandate and running its operations with the same entrepreneurial spirit in mind. Being a relatively small agency allows the Council to put creativity and originality at the forefront of its programs.
- **Results-oriented**: BCIC is very results-oriented, gauging its success by the positive outcomes of its activities. The Council is continually monitoring its programs and services with its partners and clients to ensure outcomes clearly fulfill its mandate.

OVERVIEW OF CORE BUSINESS

BCIC is the Province's lead organization with a mandate to promote the development of entrepreneurs and the commercialization of technology to competitively position British Columbia in today's global knowledge economy. BCIC firmly believes its role is to ensure the creation of strong, well managed, revenue generating startup technology companies that provide high value jobs. As such, it is essential that we continue to successfully grow small businesses into larger anchor companies. All of BCIC's programs are designed to support this important goal.

BCIC's programs are often delivered in partnership with industry organizations and academic institutions, enabling the Council to cater to the specific needs of technology entrepreneurs based on where they are in the commercialization continuum, be it the concept, idea validation, pre-commercial or startup stage.

As a result of the recent review of BCIC's mandate by the Ministry of Jobs, Tourism and Innovation, BCIC will work with the Ministry to adjust its goals, and its respective measures, in alignment with the review recommendations and the revised budget.

BCIC PROGRAMS

In 2011/2012, BCIC had three program areas with programs and initiatives under each to meet its mandate. The program areas are as follows:

- Entrepreneurial Talent Development and Retention
- Commercialization of Technology
- Technology Awareness

PROGRAM AREA: ENTREPRENEURIAL TALENT DEVELOPMENT AND RETENTION

BCIC is helping to create the entrepreneurial infrastructure ecosystem and resulting high quality jobs that will allow entrepreneurs to stay and succeed in BC. For example:

- **entrepreneurship@UVic program**: developed by BCIC in partnership with the University of Victoria, Wesley Clover and the Alacrity Foundation, with support from Western Economic Diversification Canada. This incubator program offers engineering graduates specialized entrepreneurship training, guidance and mentorship from successful technology developers and investors. Upon completion of the program students will receive Master's degrees, entrepreneurship graduate diplomas, and arguably more important, will have developed their own companies.

Many of BCIC's programs related to business incubation and acceleration are oriented toward the development of entrepreneurial talent.

PROGRAM AREA: COMMERCIALIZATION OF TECHNOLOGY

BCIC's commercialization of technology program area focuses on building incubators, accelerators and facilitating partnerships between academia and industry to solve real world problems through direct and applied research.

a. Building a network of incubators

BCIC is building a network of incubators inside educational institutions to train students to become entrepreneurs and launch startup companies. For example:

- **entrepreneurship@SFU:** this initiative was created by BCIC, Dr. Ken Spencer, SFU's Faculty of Applied Sciences and the Beedie School of Business. A component of the initiative is a competitive academic pathway for third- and fourth-year business and applied sciences students which provides the skills, mentorship and resources to build upon innovative ideas and develop successful new ventures. Students are expected to produce a business plan, design and prototype their product/system, complete steps to launch a successful business and obtain a lead customer. They will also take courses in business, engineering, entrepreneurship, innovation and commercialization and will have access to mentorship from industry experts, a scholarship award and a new Product Design Studio.

b. Building a network of accelerators

BCIC is also building a network of business accelerators to rapidly grow early stage technology companies through a variety of programs. For example:

- **BCIC-New Ventures Competition**: BCIC partnered with the New Ventures BC Society to deliver the annual technology idea competition designed to provide entrepreneurs with the tools and resources needed to successfully take their ideas to the marketplace.
- **entrepreneurship@Wavefront**: In partnership with Wavefront, this program is designed to support and nurture early-stage British Columbia wireless companies for their first 12 months as they move from technology concept to commercial launch.

c. Increasing partnerships between academia and industry

BCIC is also instrumental in increasing partnerships between academia and industry to solve real world problems through direct and applied research. For example:

- **entrepreneurship@UBC Seed Accelerator Fund**: this is a unique partnership between BCIC, UBC alumni and the University. This venture fund is owned and operated by UBC for the purpose of investing in the next generation of entrepreneurs. It seeks out very early-stage business opportunities founded by UBC students, faculty, staff or alumni who have graduated within the last three years.

PROGRAM AREA: TECHNOLOGY AWARENESS

Underlying all its programs and initiatives BCIC aims to increase awareness of British Columbia's science and technology sectors domestically and internationally. BCIC does this by:

a. Linking BC companies to international growth opportunities

BCIC links British Columbia technology companies to opportunities that provide international exposure and offers the potential for valuable connections leading to partnerships, collaborations and growth. For example:

- This year, BCIC again supported **Metabridge**, an initiative that provides BC technology companies with direct connection and access to key international technology partners for customer, investment, strategic partnerships, mentorship and advisory opportunities.

b. Increasing awareness of BC achievements

BCIC increases awareness of the incredible achievements of British Columbia's technology community through prominent recognition events and social media. For example:

- The **MISTIC Innovation Awards**: BCIC helps promote and celebrate individuals and organizations that have made outstanding contributions to the development of British Columbia's science and technology industry.
- **Success Stories**: BCIC is raising the awareness of British Columbia as a great place to start and grow technology companies through increased communications from traditional media, social media and events to draw attention to the strength of our startup environment to encourage more startup technology companies in all areas of the province.

OVERVIEW OF CORE BUSINESS

BENEFITS FOR BRITISH COLUMBIANS

A fundamental function of BCIC is to promote the development of a knowledge-based economy in the province. In the context of BCIC's mandate, this can be best accomplished by developing successful technology entrepreneurs and companies that will create jobs and tax revenues for the province. BCIC's programs help train entrepreneurs and monetize research into commercial ventures. In the process we are also increasing awareness of British Columbia as a viable location for the international business community to invest in.

PRINCIPAL PARTNERS, CLIENTS AND STAKEHOLDERS, DELIVERY OF SERVICES

BCIC develops and implements many of its programs and services through partnerships. To that end, the Council frequently enters into partnerships with federal and provincial government agencies, research institutions and industry and regional groups to develop its programs. In 2011/2012, BCIC maintained partnerships with more than 25 organizations. For example, BCIC partnered with Wavefront again in 2011/2012 to deliver the entrepreneurship@Wavefront program. BCIC also partnered with the Alacrity Foundation of British Columbia and the University of Victoria to deliver the entrepreneurship@Alacrity program and the entrepreneurship@UVic program. Partnerships were entered into with Simon Fraser University and The University of British Columbia for programs that will support students in launching startups. BCIC also partnered with eight regional councils to enable them to deliver their programs and activities in their respective geographic regions across the province. Similarly, BCIC partnered with nine University-Industry Liaison Offices to support their commercialization activities.

CORPORATE GOVERNANCE

BCIC follows, and is in compliance with, the Board Governance guidelines posted on the Board Resourcing and Development Office (BRDO) website.

ROLE AND MEMBERSHIP OF THE BOARD

The Lieutenant Governor, through Order-in-Council, appoints the members of BCIC's Board, and delegates the role of the Chair. The Board Chair reports to the British Columbia Legislative Assembly through the Minister of Jobs, Tourism and Innovation. Prior to March 31 2012, the Board of Directors had eight members:

- Greg Aasen, Chair
- Jill Leversage
- Jonathan Burke
- Gurval Caer
- Robin Ciceri
- Richard Glickman
- Greg Kerfoot
- Cheryl Slusarchuk

At March 30, 2012, the role of Chair was delegated to Jill Leversage and terms expired for three members. As a result, the March 31, 2012 membership was as follows:

- Jill Leversage, Chair
- Jonathan Burke
- Gurval Caer
- Robin Ciceri
- Cheryl Slusarchuk

THE BOARD

- Sets the strategic direction and approves appropriate plans from management;
- Recruits, empowers and monitors the executive management;
- Shepherds and safeguards Council resources, approving major financial decisions, ensuring internal controls are in-place and addressing areas of risk; and,
- Measures corporate performance, reporting regularly to the stakeholders to ensure compliance with applicable laws and ethical standards.

BOARD COMMITTEES

The **Audit and Finance Committee** helps the Board fulfill its obligations and oversight responsibilities relating to the audit process, financial reporting, corporate control systems and risk management. When required, it makes recommendations to the full Board for approval.

- Committee members prior to March 31, 2012: Jill Leversage (Chair), Jonathan Burke and Cheryl Slusarchuk
- Committee members at March 31, 2012: Jill Leversage (Chair), Jonathan Burke and Cheryl Slusarchuk

The **Governance and Board Nomination Committee** reviews Board policies and practices, ensuring the Council fulfills its legislated mandate and implements effective due diligence over the Council's governance.

- Committee members prior to March 31, 2012: Richard Glickman, Greg Kerfoot, Morgan Sturdy (Chair)
- Committee members at March 31, 2012: Jill Leversage (Chair)

The **Programs Committee** reviews and approves all major programs BCIC management brings forward for due consideration. The Committee may, from time to time, be the source of new program ideas and the design thereof.

- Committee members prior to March 31, 2012: Greg Aasen (Chair), Greg Kerfoot, Cheryl Slusarchuk, Robin Ciceri
- Committee members at March 31, 2012: Cheryl Slusarchuk, Robin Ciceri. Given their direct knowledge and experience in the tech industry, Jill Leversage requested that Greg Aasen and Greg Kerfoot (members whose terms expired March 31, 2012) stay on as Advisors in order to have continued access to their knowledge and expertise.

The **Human Resources and Compensation Committee** assists the Board in fulfilling its oversight responsibilities with respect to the Council's staff policies and practices.

- Committee members prior to March 31, 2012: Richard Glickman, Gurval Caer, Doug Horswill(Chair)
- Committee members at March 31, 2012: Gurval Caer (Chair)

SENIOR MANAGEMENT TEAM

Mark Payne – Acting Chief Executive Officer

Dean Prelazzi – Vice President, Business Development Idea & Market Validation Stages

Paulin Laberge – Entrepreneur-in-Residence

GOVERNANCE PRINCIPLES

The Council's Board has adopted the guiding principles outlined in the Province of British Columbia's Governance Framework for Crown Corporations in establishing a framework from which to operate.

These principles include:

- Stewardship, leadership and effective functioning of the Board,
- Performance and value, innovation and continuous improvement.

GOVERNANCE DISCLOSURE AND KEY ACCOUNTABILITY RELATIONSHIPS

The Council's governance documents and related disclosure practices are available at:

http://www.bcic.ca/about-us/about-us/board-of-directors/governance

A full log and library of all documents related to the Council and its activities reside on the site.

BCIC is a Crown Agency of the Province of British Columbia. BCIC's Annual Service Plans and Annual Reports are submitted to the Ministry of Jobs, Tourism and Innovation.

BCIC works with program partners to provide input on funded activities and program partners are responsible for submitting regular reports to BCIC regarding funded activities.

LOCATION

BCIC's office is located at the Leading Edge Technology Centre in downtown Vancouver, where technology industry associations and other complementary organizations are also located. These include:

- Abnousi Corporate Finance
- Academy for Technology CEOs (ACETECH)
- BC Progress Board
- BC Renaissance Capital Fund
- BC Technology Industries Association (BCTIA)
- Canadian Hydrogen and Fuel Cell Association

- Climate Action Secretariat
- Digital Media and Wireless Association of BC (DigiBC)
- Everybody Loves Rewards
- Leading Edge Endowment Fund
- LifeSciences BC
- New Ventures BC Society
- Pacific Carbon Trust
- Science Fair Foundation BC

The Leading Edge Technology Centre is located on the 9th Floor, 1188 West Georgia Street, Vancouver, BC V6E 4A2

REPORT ON PERFORMANCE

GOALS, OBJECTIVES, KEY STRATEGIES, MEASURES AND TARGETS

BCIC GOALS AND PERFORMANCE MEASURES

BCIC continues to work with industry, government and the province's academic institutions to identify opportunities and gaps in its strategies directed at developing entrepreneurs and promoting the commercialization of technologies. Once identified, BCIC works together with these partners to address these needs through the development of and refinement of initiatives.
BCIC plays an integral role in helping shape the development of British Columbia's knowledge economy. Because this role is so fundamental for future job growth and economic development in British Columbia, the Council considers it critical to have accurate performance measures to track its progress in fulfilling its mandate.

GOAL 1: ENTREPRENEURIAL TALENT DEVELOPMENT & RETENTION

Building the entrepreneurial infrastructure and creating high quality jobs for British Columbians

To meet the growing need for highly qualified personnel within British Columbia's technology sector, BCIC fosters an environment that encourages British Columbians to become technology entrepreneurs. BCIC is further helping to build the entrepreneurial infrastructure and create high quality jobs for British Columbians.

Objective

- To improve early-stage commercialization skills of entrepreneurs in the British Columbia science and technology community. Examples of these skills include business management, leadership, ability to communicate with investors, customers and other stakeholders.

Strategies

- Identify and provide relevant knowledge and training to support early-stage entrepreneurs to commercialize their concepts.
- Partner with educational institutions and industry organizations to provide relevant knowledge and training for early-stage entrepreneurs.

Program Example

entrepreneurship@UVic program: developed by BCIC in partnership with the University of Victoria, Wesley Clover and the Alacrity Foundation, with support from Western Economic Diversification Canada. This incubator program offers engineering graduates specialized entrepreneurship training, guidance and mentorship from successful technology developers and investors. Upon completion of the program students will receive Master's of Applied Science degrees, entrepreneurship graduate diplomas, and will have developed their own companies with marketable technology solutions for existing industry problems.

Measure 1: Action Plans for Technology Entrepreneurs					
The number of Action Plans completed by BCIC for technology entrepreneurs that will directly advance their early stage commercialization skills and improve their chances for commercial success					
Past Performance		2011/12		2012/2013	2013/2014
2009/10	2010/11	Target	Actual	Target	Target
N/A*	463	77	815	463	463

*Measure established in BCIC's 2010/11-2012/13 Service Plan. 2010/2011 was the first time reporting on this measure.

Description of Measure

This measure records the number of Action Plans developed for and completed by early-stage entrepreneurs by BCIC. An Action Plan is a document describing strategies and next steps as recommended by BCIC experts to improve entrepreneurs' business plans, enhance their skills and marketability and improve their opportunities to gain access to capital funding.

Importance of Measure

An Action Plan provides expert advice to help budding entrepreneurs understand what their "best and most important next steps" are in the development of their enterprises. A solid business foundation of key skill sets is vital in the early stages of entrepreneurial development – an area where the BCIC can provide invaluable advice and guidance. Each technology entrepreneur that receives an Action Plan will have a much greater chance of commercial success, leading to long-term business growth and higher quality jobs for British Columbians.

Reason for Variance

This measure was exceeded for two reasons. First, original estimates by BCIC and several partner organizations were conservative. BCIC has collected program results in cooperation with our partner organizations including the eight organizations that make up the BC Regional Science and Technology Network and the nine University Industry Liaison Offices in the province. Some partners experienced program growth as well as greater demand for programs than anticipated. For example, The University of British Columbia launched the Voucher Services Program, which resulted in 2.5 times more Action Plans than they had anticipated. Also, Simon Fraser University encountered demand for their programs that resulted in almost 3 times the number of Action Plans than expected. The overall result is several hundred more Action Plans over BCIC's target. Second, estimates did not include two BCIC programs which were launched after the estimates were published, both of which subsequently produced a considerable number of Action Plans. Both the BCIC Mentor Program and the entrepreneurship@Wavefront programs were launched after the estimates were published. In consideration of the above, BCIC has adjusted its future targets accordingly; the adjustments are indicated in the table above.

Measure 2: Satisfaction Rating of BCIC's Programs and Services					
The percentage of BCIC clients who are satisfied that the Council's programs and services will help advance the commercialization of their technology					
Past Performance		2011/12		2012/2013	2013/2014
2009/10	2010/11	Target	Actual	Target	Target
N/A*	80%	73%	93.66%	75%	77%

*Measure established in BCIC's 2010/11-2012/13 Service Plan. 2010/2011 was the first time reporting on this measure.

Description of Measure

This measure provides a percentage of the general satisfaction BCIC clients have with the Council's programs. This measure is based on sample surveys where satisfaction is defined as a value of 7 or more on a 10-point satisfaction scale. Performance targets are based on similar past Council surveys.

Importance of Measure

An important measure of BCIC's success comes from the feedback received by its technology clients who participate in the programs and services offered by the Council. The results will enable BCIC to assess how well it is delivering on its mission. The resulting information will help to shape, refine and improve Council offerings and position BCIC as an integral component to the growth and success of its client companies.

Reason for Variance

This measure was exceeded because original conservative estimates were based on past Council surveys, which applied predominantly to a different type of program than those being measured in 2011/2012. For example, past surveys focused primarily on events while 2011/2012 surveys focused more on newer incubator and accelerator programs such as the BCIC Mentor Program and the entrepreneurship@Wavefront program.

GOAL 2: COMMERCIALIZATION OF TECHNOLOGY

Building incubators, accelerators and facilitating partnerships between academia and industry to strengthen technology commercialization in British Columbia

BCIC is supporting the growth of the knowledge-based economy by helping to commercialize technology and to effectively strengthen the province's global competitive position. The net result will be a more vibrant economy and more high quality jobs for British Columbians.

Objectives

- To increase the number of new businesses in BC's technology sector.
- To increase the growth rate of small and medium-sized (SME) businesses in BC's technology sector.

Strategies

- Build a network of incubators inside educational institutions to train students to be entrepreneurs and launch startup companies.
- Build a network of business accelerators to rapidly grow early-stage technology companies.

Program Examples

- **entrepreneurship@Wavefront**: An accelerator program designed to support and nurture early-stage B.C. wireless companies for 12 months while they move from product concept to market entry.

Measure 3: Startup Growth Components Achieved by Entrepreneurs					
The number of key Startup Growth Components achieved by entrepreneurs who have been directly supported through BCIC's programs and services					
Past Performance		2011/12		2012/2013	2013/2014
2009/10	2010/11	Target	Actual	Target	Target
N/A*	1976	130	2100	1976	1976

*Measure established in BCIC's 2010/11-2012/13 Service Plan. 2010/2011 was the first time reporting on this measure.

Description of Measure

This measure captures key Startup Growth Components (please see Appendix A for a complete list of these Components) entrepreneurs need to accomplish to effectively commercialize their concepts, paving the way for their early-stage growth. These Components can be customized to meet the unique needs of each entrepreneur, such as for their specific industry sector or for their company's life stage. The following are examples of Startup Growth Components: i) early-stage market research plan, ii) IP strategy, iii) revenue model, iv) risk assessments, v) financing plan and vi) strategic selling and sales processes.

Importance of Measure

It is imperative that British Columbia is able to expedite the commercialization of technology to increase the province's rate of economic growth as well as its competitive advantage. To help accomplish this, entrepreneurs need to have as many key Startup Growth Components achieved as possible for a solid business foundation for the success of their companies. The higher the number of key Startup Growth Components achieved by an entrepreneur, the greater their chance of commercial success.

Reason for Variance

This measure was exceeded for two reasons. First, original estimates by BCIC and several partner organizations were conservative. BCIC has collected program results in cooperation with our partner organizations including the eight organizations that make up the BC Regional Science and Technology Network and the nine University Industry Liaison Offices in the province. Some partners experienced program growth as well as greater demand for programs than anticipated. For example, the British Columbia Institute of Technology expanded and refined its CAP program, which resulted in almost double the Growth Components as expected. Also, Simon Fraser University encountered demand for their programs that resulted in almost twice the number of Action Plans expected. The overall result is several hundred more Growth Components over BCIC's target. Second, estimates did not include two BCIC programs which were launched after the estimates were published, both of which subsequently produced a considerable number of Growth Components. Both the BCIC Mentor Program and the entrepreneurship@Wavefront programs were launched after the estimates were published. In consideration of the above, The BCIC Mentor Program assists many entrepreneurs in achieving several Growth Components each. BCIC has adjusted its future targets accordingly; the adjustments are indicated in the table above.

GOAL 3: INCREASE AWARENESS OF BC'S KNOWLEDGE ECONOMY

It is important to increase the awareness of the knowledge economy in British Columbia and its vital role for the future growth of the province. BCIC supports this by increasing the awareness of successful local technology companies and by helping to establish our province as a world class destination for international technology companies to establish a presence.

Objective

- Increase awareness of British Columbia's science and technology sectors and their achievements domestically and internationally.

Strategies

- Develop and promote success stories of BC technology entrepreneurs through print, digital, broadcast and social media, industry associations and other channels.
- Increase awareness of BCIC among BC's science and technology stakeholders.

Program Example

BCIC will be partnering with industry associations, regional science and technology councils, academic institutions and other organizations to identify and promote technology success stories.

Measure 4: Technology Success Stories Promoted by BCIC

The number of technology success stories, promoted by BCIC, published through print, digital, broadcast and social media, industry associations and other channels

Past Performance		2011/12		2012/2013	2013/2014
2009/10	2010/11	Target	Actual	Target	Target
N/A*	170	115	733	170	170

*Measure established in BCIC's 2010/11-2012/13 Service Plan. 2010/2011 was the first time reporting on this measure.

Description of Measure

This measure captures the reach of BC technology success stories and is a count of the number of stories placed by BCIC through print, digital, broadcast and social media, industry associations and other channels. BCIC includes all technology success stories issued by the organization as well as all instances of the story being picked up by other sources (repeated or re-written). This includes blog stories and media releases picked up by digital, print and other sources. We do not include mentions or tweets.

Importance of Measure

It is essential to increase the awareness of the economic impact and success of British Columbia's technology companies to encourage new entrepreneurs, motivate existing ones and to create an environment that supports the growth of a knowledge economy. This will ultimately lead to more commercial success stories, greater employment in the sector and increased economic benefits for the province.

Reason for Variance

As indicated in the 2011/2012 Service Plan, BCIC made an effort to increase communication about technology success stories in British Columbia. BCIC worked closely in 2011/2012 with technology start-up companies to develop compelling articles on their successes. These articles were published on BCIC's web site as well as through partner channels. For example, VIATeC made a significant effort to promote technology success stories and the recently launched Tectoria brand. As a result, VIATeC surpassed their initial target of 35 by placing 266 stories in 2011/2012.

BENCHMARKING

BCIC continues to investigate several organizations for benchmarking purposes. Topics under consideration when consulting with, or monitoring other organizations include:

- Mentor and coaching methodologies
- Venture engagement models
- Venture intake models/process
- Venture growth and development models
- Accelerator management models
- Funding models
- Types of community events other organizations are running for the purpose of engaging the community and encouraging furthering entrepreneurship in the community
- Whitepapers that may be published by or in connection with an organization BCIC is monitoring.

BCIC is currently examining similar Crown corporations, industry associations, innovation councils, academic and private organizations focusing on entrepreneurial talent development and the commercialization of technologies. In addition, BCIC consults with organizations involved with incubation, acceleration and mentorship programs. Examples of organizations consulted and monitored in 2011/2012 include:

- MIT Venture Mentor Service
- The Waterloo Accelerator
- MaRS
- Innovacorp
- SFU Venture Labs
- IRAP

Recognizing the dynamic nature of the advanced technology and startup landscape, BCIC also continually monitors developments in its focus area.

MANAGEMENT'S CONFIDENCE IN DATA INTEGRITY

BCIC's performance management and reporting systems include two components: financial and operational. The financial processes and systems are discussed in the Management Discussion and Analysis section of this report.

Management is confident of the operational data utilized in reporting the results of its activities. BCIC's sources of data include in-house records maintained through electronic databases. These records are based on internal reports, external surveys, and in cases where BCIC supports initiatives implemented by other partner organizations, it requests appropriate records be maintained

and reported back as a condition of support. Data is collected throughout the year depending on the activity and verified according to established reporting guidelines to ensure consistency from past years and across similar activities.

Due to the nature of the data, accuracy is limited by human error. The level of confidence for internal data is at a higher level than those submitted externally. However, BCIC strives to verify questionable data as part of the monitoring process for reports submitted externally.

OPPORTUNITIES AND CHALLENGES

BCIC underwent an organizational review during the year and, based on the outcome of the review, has gone through a process of transitioning existing programs that do not align with BCIC's priorities, to other organizations. For example, programs that support high school science achievement are now being delivered by new organizations, such as the Science Fair Foundation of BC. Moving forward, BCIC will focus on programs that will accelerate the commercialization of technology through supporting startups and the development of entrepreneurs. BCIC activities are part of the continued movement toward technology startup incubators and accelerators.

Recognizing the dynamic nature of the advanced technology and startup landscape, BCIC also continually monitors developments in its focus area.

RISK AND CAPACITY ISSUES

With growing fiscal restraint on BCIC's funding sources, annual funding levels have a significant impact on BCIC's operations. Strategies to mitigate this risk include ongoing communications with BCIC's existing and potential funding sources, in order to build awareness of the level of support required. In addition, BCIC explores the development and implementation of programs and initiatives that are either self-supporting or leveraged with other revenue generating sources.

GOVERNMENT'S LETTER OF EXPECTATIONS

Key Shareholder's Letter of Expectations' Sections	BCIC's Response
i) In light of the current fiscal situation, conduct an assessment and provide a summary report by October 1, 2011 outlining how well the University Industry Liaison Offices and the British Columbia Regional Science and Technology Network member councils are meeting their stated goals and performance measures;	BCIC submitted assessments of the University Industry Liaison Offices (UILOs) and the British Columbia Regional Science and Technology Network (BCRSTN) member councils to the Ministry on October 19, 2011. The UILO report indicated that the UILOs have been on track with their targets and in line with the purposes of their funding. The report also identified seven opportunities for improvement of which: • One has been addressed. Namely, moving to less core funding and more discretionary program funding that meets BCIC's new mandate. • Two have been initiated. Specifically, review of the SLE measures to ensure they are aligned with the confirmed BCIC mandate as well as considering the establishment of a BC UILO steering group. • Four opportunities remain under consideration and BCIC may find opportunity to address them in the coming fiscal year. The BCRSTN report indicated that council targets were on track. The report also identified seven opportunities for improvement of which: • Four have been initiated. Specifically, review of the SLE measures to ensure they are aligned with the confirmed BCIC mandate; develop a new BCRSTN structure, refine regional plans and measures to reflect their individual advantages; and develop a BC-wide network. • Three opportunities remain under consideration and BCIC may find opportunity to address them in the coming fiscal year.
ii) Work with BCFRST Foundation to develop a new Strategic Plan, including programming and budget recommendations, for the $50 million Natural Resources and Applied Sciences Research (NRAS) Endowment by October 1, 2011;	In consideration of the Ministry review of BCIC's mandate, the strategic planning with BCFRST was postponed until such time that BCIC's future relationship with BCFRST is confirmed by Government. For the interim, BCIC provided a report to Ministry regarding the status of Natural Resources and Applied Sciences Research (NRAS) Endowment on October 19, 2011. In order to launch a second competition, the NRAS Endowment Fund must gain sufficient interest income. It is anticipated that it will take a minimum of three years (2014) for sufficient interest income to accumulate. As that date draws near, BCIC will work with BCFRST and the provincial government to determine the details of a second competition.

iii) Continue to drive the development of a network of incubators and accelerators to develop entrepreneurial talent and commercialize technology through startups, and continue to drive partnerships between academia and industry through directed and applied research projects, and through this encourage additional industry investment in research and technology; and,	BCIC has worked on the development of a network of key incubators and accelerators including the following programs and contributions: • entrepreneurship@Wavefront, in partnership with Wavefront. This program is designed to support and nurture early-stage British Columbia wireless companies for their first 12 months as they move from technology concept to commercial launch. • entrenpreneurship@SFU, a new high-tech entrepreneurship initiative created by BCIC, Dr. Ken Spencer, SFU's Faculty of Applied Sciences and the Beedie School of Business. A component of the initiative is a competitive academic pathway for third- and fourth-year business and ap plied sciences students which provides the skills, mentorship and resources to build upon innovative ideas and develop successful new ventures. Students are expected to produce a business plan, design and prototype their product/system, complete steps to launch a successful business and obtain a lead customer. They will also take courses in business, engineering, entrepreneurship, innovation and commercialization and will have access to mentorship from industry experts, a scholarship award and a new Product Design Studio. • entrepreneurship@UVic developed by BCIC in partnership with the University of Victoria, Wesley Clover and the Alacrity Foundation, with support from Western Economic Diversification Canada. This incubator program offers engineering graduates specialized entrepreneurship training, guidance and mentorship from successful technology developers and investors. Upon completion of the program students will receive Master's degrees, entrepreneurship graduate diplomas, and arguably more important, will have developed their own companies. • entrepreneurship@Alacrity, created in partnership with the Alacrity Foundation of British Columbia, the Government of Canada through Western Economic Diversification Canada and Wesley Clover International Corporation. This incubator program offers engineering graduates specialized entrepreneurship training, guidance and mentorship from successful technology developers and investors. Upon completion of the program participants will have developed their own companies. • entrepreneurship@UBC Seed Accelerator Fund, a unique partnership between BCIC, UBC alumni and the University. This venture fund is owned and operated by UBC for the purpose of investing in the next generation of entrepreneurs. It seeks out very early-stage business opportunities founded by UBC students, faculty, staff or alumni who have graduated within the last three years. • BCIC partnered with the New Ventures BC Society to deliver the annual technology idea competition designed to provide entrepreneurs with the tools and resources needed to successfully take their ideas to the marketplace.
iv) Provide advice to the Minister, as requested, in support of the advancement of technology commercialization and the entrepreneurial science and technology culture in British Columbia.	BCIC continues to provide feedback and advice to the Minister in support of technology commercialization in the province.

FINANCIAL REPORT

MANAGEMENT DISCUSSION AND ANALYSIS

A summary of BCIC's financial results is presented below. Chart A details BCIC's current operations, with comparison to budget and the prior year's figures. The chart also includes the results of operations for the previous four years as well as forecast figures for the next three years. Forecasts are consistent with the 2012/13 Service Plan.

BCIC received the same level of annual funding in fiscal 2011/2012 with additional funding provided by the Provincial Government towards new program initiatives. External program funding is lower due to the cancellation of our annual event. BCIC will focus on supporting programs that align with its new priorities.

Chart A

SUMMARY OF FINANCIAL RESULTS AND BUDGET PROJECTIONS

(in thousands of dollars)

	2007/08	2008/09	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	BUDGET VARIANCE	YEAR VARIANCE	FORECAST	FORECAST	FORECAST
Revenues											
Province of BC											
Annual Funding	5,272	5,293	4,500	4,500	4,500	4,500	-	-	4,500	4,500	4,500
Additional Funding	4,000	4,000	4,000	4,000	5,150	4,000	1,150	1,150	1,650	1,650	1,650
	9,272	9,293	8,500	8,500	9,650	8,500	1,150	1,150	6,150	6,150	6,150
External Program Funding	778	345	213	242	11	210	(199)	(231)	15	15	15
Internal Program Funding (1)	1,057	6,390	2,195	29	-	-	-	(29)	-	-	-
NRAS Endowment (2)	5	3,005	2,109	1,919	568	900	(332)	(1,351)	1,000	1,000	1,000
Interest and Other	1,173	217	62	87	113	45	68	26	100	100	100
Total Revenues	12,285	19,250	13,079	10,777	10,342	9,655	687	(435)	7,265	7,265	7,265
Expenses											
Programs and Initiatives	5,389	12,597	7,943	6,349	7,430	6,038	1,392	1,081	4,361	4,337	4,313
NRAS Endowment (2)	5	3,005	2,109	1,919	568	900	(332)	(1,351)	1,000	1,000	1,000
Salaries and Benefits	1,902	1,869	1,915	1,590	1,392	1,776	(384)	(198)	1,243	1,243	1,243
Rent (3)	184	227	254	274	418	278	140	144	213	228	242
Amortization	40	64	74	62	48	78	(22)	(14)	50	50	50
Other operating costs	1,332	1,488	784	583	485	585	(108)	(98)	398	407	417
Total Expenses	8,852	19,250	13,079	10,777	10,341	9,655	686	(436)	7,265	7,265	7,265
Annual Surplus (Deficit) of Revenues over Expenses	3,433	0	0	0	1	0	1	0	0	0	0
Funds Committed to Future Programs (1)	20,249	13,866	11,722	11,722	11,780	11,722	58	58	11,780	11,780	11,780
Capital Expenditures	105	124	78	14	13	50	(37)	(1)	50	50	50
Total Debt	0	0	0	0	0	0	0	0	0	0	0

(1) The balance of Funds Committed to Future Programs includes net assets and deferred revenue balances. Year-to-year changes include Annual Surplus (Deficit) of Revenues over Expenses, addition in capital assets and changes to deferred revenues as detailed in Note 6 of the audited financial statements. For reporting purposes, Internal Program Funding represents the use of Funds Committed to Future Programs as approved by Treasury Board.

(2) NRAS program revenues and expenses are included in the financial chart above.

(3) Rent expense includes a one-time rent provision setup and a termination notice payment due to the reduction of office space.

(4) Actual expenses figures for 2011/12 are different than those listed in the 2012/13 Service Plan Report because of the transition to the new Public Sector Accounting Standard (PSAB) during 2011/12 . BCIC made the decision to prepare the Financial Chart in the 2012/13 Service Plan Report in accordance with PSAB standards, which resulted in BCIC allocating the operations and overhead costs to programs based on staff time spent on each program area (NRAS being one of them)

(5) The above financial information, including forecast information, was prepared based on Public Sector Accounting Standards.

Natural Resources and Applied Sciences (NRAS) Research Endowment Fund

In the 2005/06 fiscal year BCIC was charged with stewarding $50 million from the Province of British Columbia for the Natural Resources and Applied Sciences (NRAS) Research Endowment Fund. As an endowment, it is expected that the capital will be preserved and the interest earnings spent on program activities. In 2011/12, $560,000 was allocated to program initiatives and $8,138 was spent on professional services.

Chart B

NATURAL AND APPLIED SCIENCES ENDOWMENT FUND											
(in thousands of dollars)											
	2007/08	2008/09	2009/10	2010/11	2011/12				2012/13	2013/14	2014/15
							BUDGET	YEAR			
	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	BUDGET	VARIANCE	VARIANCE	FORECAST	FORECAST	FORECAST
NRAS Endowment Fund	50,000	50,000	50,000	50,000	50,000	50,000	-	-	50,000	50,000	50,000
Interest Accumulated, Begin of the year	2,059	4,273	3,031	1,209	76	79	(3)	(1,133)	502	502	502
Annual investment income	2,219	1,763	287	786	994	1,025	(31)	208	1,000	1,000	1,000
Program expenditures	-	(3,000)	(2,000)	(1,800)	(560)	(1,025)	340	1,240	(1,000)	(1,000)	(1,000)
Administration and professional fees	(5)	(5)	(109)	(119)	(8)	-	(8)	111	-	-	-
Interest Accumulated, End of the year	4,273	3,031	1,209	76	502	204	298	426	502	502	502

Assessment of Changes in Results and Reasons for Significant Variances and Trends

Annual funding from the Provincial Government was consistent over the last three years but is expected to be reduced to $6.15 million next year. The future annual funding is forecasted to remain stable thereafter.

External Program Funding, which reflects revenues received from external, non-Ministry sources and includes proceeds from annual event ticket sales and sponsorship and fees for services rendered, was lower this year due to the cancellation of our annual networking event.

Interest and other income were higher this year due to a better yield on investments.

Programs and Initiatives expenses were close to the budget target with the increase mainly due to the additional program funding provided by the Provincial Government. BCIC underwent a mandate review during the year, and based on the outcome of the review, we had gone through a process of transitioning our existing programs that do not align with our new mandate to other organizations. BCIC will focus on programs that will accelerate the commercialization of technology through supporting startups and the development of entrepreneurs.

Operating and administration expenses were lower this year. Salaries were lower than budgeted because a few anticipated recruitments did not happen. BCIC also went through a staffing reduction because of an anticipated annual funding cut. Rent expense was higher because of a one-time rent provision setup and a termination notice payment due to the reduction of office spaces.

BCIC's total expenses in 2011/12 were $10.341 million, which is comparable to $10.777 million in 2010/11.

BCIC's capital expenditures were primarily for computer equipment and software.

Major Risks and Opportunities that Affected Financial Performance

The primary risk associated with the financial performance of BCIC is based upon the level of contributions it receives from principal funders. With growing fiscal restraint on BCIC's funding sources, annual funding levels have a significant impact on BCIC's operations. Strategies to mitigate this risk include ongoing communications with BCIC's existing and potential funding sources, in order to build awareness of the level of support required. In addition, BCIC explores the development and implementation of programs and initiatives that are either self-supporting or leveraged with other revenue generating sources. BCIC has significant reserves; however, the reserve source has been frozen, and this will restrict the development and roll out of future programs and initiatives.

With the establishment of the Natural Resources and Applied Sciences Endowment Fund, interest rate levels are a significant factor in the fund's income; the primary goal of investing the endowment is preservation of the principal.

FUTURE OUTLOOK

While the current uncertain economic climate is of continued concern, BCIC has a valuable leadership role in the province and is confident that government and other funding will continue at strong levels. BCIC plans to focus its efforts and launch a number of programs and initiatives under its new mandate and also plans to continue to leverage funds from multiple sources.

BCIC will continue to work with its partners and develop new partnership opportunities for the purposes of building more efficient and valuable programs. BCIC will keep exploring opportunities to support programs and initiatives that will accelerate the commercialization of technologies through supporting startups and the development of entrepreneurs.

STATEMENT OF MANAGMENT RESPONSIBILTY

The financial statements of the Council are the responsibility of management and have been prepared in accordance with Public Sector Accounting Standards, consistently applied and appropriate in the circumstances. The preparation of financial statements necessarily involves the use of estimates which have been made using careful judgment. In management's opinion, the financial statements have been properly prepared within the framework of the accounting policies summarized in the financial statements and incorporate, within reasonable limits of materiality, all information available up to June 1, 2012. The financial statements have been reviewed by BCIC's Audit Committee and approved by the Board of Directors.

Management maintains and relies on a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded, and that reliable and relevant financial information is available on a timely basis.

The financial statements have been examined by independent external auditors. The external auditors' responsibility is to express their opinion on whether the financial statements, in all material respects, fairly present BCIC's financial position, results of operations and cash flows in accordance with Public Sector Accounting Standards. The Auditors' Report, which follows, outlines the scope of their examination and their opinion.

The Board of Directors, through the Audit Committee, is responsible for ensuring that management fulfils its responsibility for financial reporting and internal controls. The Audit Committee, comprised of directors who are not employees, meets regularly with the external auditors and management to satisfy itself that each group has properly discharged its responsibility to review the financial statements before recommending approval by the Board of Directors and appointment of external auditors. The external auditors have full and open access to the Audit Committee, with and without the presence of management.

Supplementary Documents and Statements

The signed Auditors' Report, Audited Financial Statements and accompanying notes to the financial statements (see page 31) follow.

Jill Leversage
Chair, BCIC
June 6, 2012

Combined Financial Statements of

BRITISH COLUMBIA INNOVATION COUNCIL

Year ended March 31, 2012

KPMG LLP
Chartered Accountants
Metrotower II
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Burnaby BC V5H 4N2
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and the Minister of Jobs, Tourism and Innovation of British Columbia

We have audited the accompanying financial statements of British Columbia Innovation Council, which comprise the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010, the statements of operations, changes in net financial assets and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the British Columbia Innovation Council as at March 31, 2012, March 31, 2011 and April 1, 2010 and its results of operations and its cash flows for the years ended March 31, 2012 and March 31, 2011 in accordance with Canadian public sector accounting standards.

KPMG LLP

Chartered Accountants

May 14, 2012

Burnaby, Canada

KPMG LLP is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

BRITISH COLUMBIA INNOVATION COUNCIL

Statements of Financial Position

March 31, 2012, March 31, 2011 and April 1, 2010

	March 31, 2012	March 31, 2011	April 1, 2010
Financial Assets			
Cash:			
Unrestricted	$ 601,836	$ 762,001	$ 2,729,157
Restricted – NRAS endowment (note 7)	501,676	49,345	1,209,316
Investments:			
Unrestricted (note 3)	5,687,314	5,796,744	4,456,128
Restricted – deferred programs (note 3 and 6)	5,330,974	5,275,184	5,246,023
Restricted – NRAS endowment (note 3 and 7)	-	26,887	-
Accounts receivable	245,821	70,664	71,846
	12,367,621	11,980,825	13,712,470
Liabilities			
Accounts payable and accrued liabilities	279,303	417,891	1,089,440
Deferred program revenues (note 6)	5,330,974	5,275,184	5,246,023
Deferred revenue from NRAS endowment (note 7)	501,676	76,232	1,209,316
	6,111,953	5,769,307	7,544,779
Net Financial Assets	6,255,668	6,211,518	6,167,691
Non-Financial Assets:			
Restricted – NRAS endowment:			
Cash (note 7)	-	-	17,359,317
Investments (notes 3 and 7)	50,000,000	50,000,000	32,640,683
	50,000,000	50,000,000	50,000,000
Tangible capital assets (note 4)	126,693	161,187	208,909
Prepaid expenses	66,280	74,488	99,646
	50,192,973	50,235,675	50,308,555
Accumulated surplus (note 5)	$ 56,448,641	$ 56,447,193	$ 56,476,246

Commitments and contingencies (note 8)
Contractual obligations (note 9)
Employee future benefits (note 10)

See accompanying notes to the financial statements.

Approved on behalf of the Board:

Director Director

1

BRITISH COLUMBIA INNOVATION COUNCIL

Statements of Operations

Years ended March 31, 2012 and 2011

	Budget 2012 (unaudited - note 12)	2012	2011
Revenue:			
Province of British Columbia	$ 8,500,000	$ 9,650,000	$ 8,500,000
Revenue from NRAS endowment	900,000	568,138	1,919,154
Interest	100,000	113,105	87,449
Other	210,000	10,649	242,061
	9,710,000	10,341,892	10,748,664
Expenses (note 13):			
Program expenses and disbursements:			
Talent development and innovation	1,049,047	1,166,775	907,141
Contribution to NRAS program (note 7)	983,533	607,821	1,973,739
Commercialization	2,317,124	4,058,312	2,409,859
Science and technology fund	3,118,095	2,912,251	2,825,245
Sector programs	-	-	381,188
Technology Awareness	633,433	267,183	746,026
Premier's Technology Council	425,000	326,845	425,000
General administration	1,183,768	1,001,257	1,109,519
	9,710,000	10,340,444	10,777,717
Annual surplus (deficit)	-	1,448	(29,053)
Accumulated surplus, beginning of year	56,447,193	56,447,193	56,476,246
Accumulated surplus, end of year	$ 56,447,193	$ 56,448,641	$ 56,447,193

See accompanying notes to the financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Statements of Changes in Net Financial Assets

Years ended March 31, 2012 and 2011

	Budget 2012 (unaudited - note 12)	2012	2011
Annual surplus (deficit)	$ -	$ 1,448	$ (29,053)
Acquisition of tangible capital assets	(50,000)	(13,081)	(13,949)
Amortization of tangible capital assets	70,000	47,575	61,671
	20,000	35,942	18,669
Use of prepaid expenses	-	8,208	25,158
Change in net financial assets	20,000	44,150	43,827
Net financial assets, beginning of year	6,211,518	6,211,518	6,167,691
Net financial assets, end of year	$ 6,231,518	$ 6,255,668	$ 6,211,518

See accompanying notes to the financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Statements of Cash Flows

Years ended March 31, 2012 and 2011

	2012	2011
Cash provided by (used in):		
Operations:		
Annual surplus (deficit)	$ 1,448	$ (29,053)
Items not involving cash:		
Amortization of tangible capital assets	47,575	61,671
Changes in non-cash operating working capital:		
Accounts receivable	(175,157)	1,182
Prepaid expenses	8,208	25,158
Accounts payable and accrued liabilities	(138,588)	(671,549)
Deferred program revenues	55,790	29,161
	(200,724)	(583,430)
Capital:		
Purchase of tangible capital assets	(13,081)	(13,949)
Investing:		
Purchase of investments	(26,950,502)	(76,639,000)
Proceeds on maturity of investments	27,031,029	57,883,019
Increase (decrease) in deferred revenue from NRAS endowment	425,444	(1,133,084)
	505,971	(19,889,065)
Increase (decrease) in cash	292,166	(20,486,444)
Cash (including restricted cash), beginning of year	811,346	21,297,790
Cash (including restricted cash), end of year	$ 1,103,512	$ 811,346

See accompanying notes to the financial statements.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements

Years ended March 31, 2012 and 2011

1. Authority and purpose:

British Columbia Innovation Council (the "Council"), was established in 2006 by an amendment of the Innovation and Science Council Act to the British Columbia Innovation Council Act (the "Act").

The Council is governed by a Board of Directors, appointed by the provincial government of British Columbia (the "Province"). The Council is exempt from the payment of income taxes under section 149 of the Income Tax Act.

These financial statements do not include the operations of British Columbia Advanced Systems Foundation (BCASF), a dormant entity, whose assets and liabilities were transferred to the Council on March 30, 2007. Previously, the financial statements presented the operations of the Council and BCASF on a combined basis. The exclusion of BCASF in these financial statements resulted in no changes to the statements of financial position as at March 31, 2012, March 31, 2011 and April 1, 2010 or to the statements of operations, changes in net financial assets and cash flows for the years ended March 31, 2012 and March 31, 2011.

Under Section 13 of the Act, the directors, officers, and employees of the Council have certain immunities in the exercise of their duties carried out in their connection with the Council.

The Council's mandate is to support applied research and commercialization of science and technology in order to foster province-wide economic development.

On April 1, 2011, the Council adopted Canadian public sector accounting standards ("PSAB"). These are the first financial statements prepared in accordance with PSAB.

In accordance with the transitional provisions in PSAB, the Council has adopted the changes retrospectively, subject to certain exemptions allowed under these standards. The transition date is April 1, 2010 and all comparative information provided has been presented by applying PSAB.

There was no impact of the transition to PSAB on the Council's accumulated surplus as of April 1, 2010 or on the Council's annual surplus for the year ended March 31, 2011. There were no changes to cash flows from operations, financing, or investing for the year ended March 31, 2011, except for the recharacterization of the purchase of tangible capital assets as "capital."

2. Significant accounting policies:

(a) Basis of accounting and presentation:

These financial statements are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

(b) Investments:

Investments, which include investments with original terms to maturity of greater than 90 days, are recorded at cost plus accrued interest, which approximates market value. Interest income is recognized in the period earned.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

2. Significant accounting policies (continued):

(c) Revenue recognition:

The Council follows the accrual method of accounting for contributions. Unrestricted contributions and government grants are recorded as revenue when received or receivable, if the amounts can be estimated and collection is reasonably assured. Other unrestricted revenue, including sales of services and products, are reported as revenue at the time the services are provided or the goods delivered.

Investment income on unrestricted assets is recognized as revenue when it is earned.

Endowment contributions are recognized as revenue when received. Investment income earned from restricted cash and investments related to the endowment are deferred and recognized as revenue when they are spent or disbursed in accordance with the restrictions of the endowment.

Contributions externally restricted for non-capital specific purposes are recorded as deferred revenue and recognized as revenue in the year in which the related expense is incurred.

Investment income that is subject to external restrictions is deferred and recognized as revenue in the year in which the related expense is incurred.

(d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They may have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(e) Tangible capital assets:

Tangible capital assets are initially recorded at cost which includes amounts that are directly attributed to acquisition, construction, development or betterment of the asset. The historical cost, less residual value, of the tangible capital assets is amortized commencing at the time the asset is available for use based on the methods and rates as shown in the schedule below:

Asset	Amortization
Furniture, fixtures and equipment	20% declining balance
Computer hardware and software	33% declining balance
Leasehold improvements	Lesser of the term of the lease and the useful life of the asset

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

2. Significant accounting policies (continued):

(f) Employee future benefits:

The Council accrues employee vacation entitlements, post employment benefits and compensated absences. These accruals are included in accounts payable and accrued liabilities. The Council is a member of the Public Service multi-employer pension plan (note 10). Defined contribution plan accounting is applied to the multi-employer defined benefit plan and, accordingly, contributions are expensed when paid or payable.

(g) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The significant areas requiring the use of management estimates include the determination of useful lives of tangible capital assets for amortization and accrual of liabilities. Actual results may differ from these estimates.

3. Investments:

Restricted and unrestricted investments consist of term deposits and guaranteed investment certificates with maturity dates ranging from May of 2012 to November of 2014, bearing interest at rates ranging from 1.45% to 2.55%.

Included in unrestricted investments are shares of previous BCASF program participant private corporations received in exchange for all or a portion of loan or royalty interests. As at March 31, 2012, the Council has assessed these shares of privately-held corporations to have nominal market value. As such, these investments are recorded at a nominal value of $1 each for each company shareholding. The estimated market value of the long-term investments as at March 31, 2012 is $20 (March 31, 2011 - $21; April 1, 2010 - $21).

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

4. Tangible capital assets:

Cost	Balance at April 1, 2010	Additions	Disposal	Balance at March 31, 2011
Furniture, fixtures and equipment	$ 155,567	$ -	$ -	$ 155,567
Computer hardware and software	359,702	13,949	-	373,651
Leasehold improvements	27,770	-	-	27,770
	$ 543,039	$ 13,949	$ -	$ 556,988

Accumulated Amortization	Balance at April 1, 2010	Amortization	Accumulated amortization of disposals	Balance at March 31, 2011
Furniture, fixtures and equipment	$ 77,439	$ 15,625	$ -	$ 93,064
Computer hardware and software	229,112	45,855	-	274,967
Leasehold improvements	27,579	191	-	27,770
	$ 334,130	$ 61,671	$ -	$ 395,801

	Net Book value April 1, 2010	Net book value March 31, 2011
Furniture, fixtures and equipment	$ 78,128	$ 62,503
Computer hardware and software	130,590	98,684
Leasehold improvements	191	-
	$ 208,909	$ 161,187

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

4. Tangible capital assets (continued):

Cost	Balance at March 31, 2011	Additions	Disposal	Balance at March 31, 2012
Furniture, fixtures and equipment	$ 155,567	$ -	$ -	$ 155,567
Computer hardware and software	373,651	13,081	-	386,732
Leasehold improvements	27,770	-	-	27,770
	$ 556,988	$ 13,081	$ -	$ 570,069

Accumulated Amortization	Balance at March 31, 2011	Amortization	Accumulated amortization of disposals	Balance at March 31, 2012
Furniture, fixtures and equipment	$ 93,064	$ 12,500	$ -	$ 105,564
Computer hardware and software	274,967	35,075	-	310,042
Leasehold improvements	27,770	-	-	27,770
	$ 395,801	$ 47,575	$ -	$ 443,376

	Net Book value March 31, 2011	Net book value March 31, 2012
Furniture, fixtures and equipment	$ 62,503	$ 50,003
Computer hardware and software	98,684	76,690
Leasehold improvements	-	-
	$ 161,187	$ 126,693

There were no writedowns or reversals of writedowns previously recorded on any tangible capital assets.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

5. Accumulated surplus:

Accumulated surplus is comprised of the following:

	March 31, 2012	March 31, 2011	April 1, 2010
Invested in tangible capital assets	$ 126,693	$ 161,187	$ 208,909
NRAS Endowment	50,000,000	50,000,000	50,000,000
Unrestricted	6,321,948	6,286,006	6,267,337
	$ 56,448,641	$ 56,447,193	$ 56,476,246

6. Deferred program revenues:

	March 31, 2012	March 31, 2011	April 1, 2010
Balance, beginning of year	$ 5,275,184	$ 5,246,023	$ 6,679,604
Other contributions	-	-	31,235
Investment income	55,790	29,161	19,388
Less amounts amortized to program revenues	-	-	(1,484,204)
Balance, end of year	$ 5,330,974	$ 5,275,184	$ 5,246,023

The funds required for these future expenditures have been separated and classified as restricted investments – deferred programs.

7. Natural Resources and Applied Science Research Endowment ("NRAS"):

In fiscal year 2005/2006, the Council was charged with stewarding an endowment contribution of $50,000,000 from the Ministry of Economic Development for the support of training, research and development in natural and applied sciences. As an endowment, it is required that the capital will be preserved. As such, restricted cash and investments of $50,501,676 are comprised of the permanently restricted endowment balance of $50,000,000 and unspent interest earnings of $501,676.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

7. Natural Resources and Applied Science Research Endowment ("NRAS") (continued):

The deferred revenue from NRAS endowment balance is calculated as follows:

	March 31, 2012	March 31, 2011	April 1, 2010
Unspent interest, beginning of year	$ 76,232	$ 1,209,316	$ 3,031,420
Annual interest earned	993,582	786,070	286,662
Administration and professional fees	(8,138)	(119,154)	(108,766)
Program expenditures	(560,000)	(1,800,000)	(2,000,000)
Unspent interest, end of year	$ 501,676	$ 76,232	$ 1,209,316

During the year ended March 31, 2012, the Council contributed $560,000 (2011 - $1,839,000) to the Vancouver Foundation, into a fund to be known as the British Columbia Innovation Council Fund. This entire amount (2011 - $1,800,000) was contributed from the interest earnings on the NRAS Endowment and none was contributed from the Council's general revenues. In the prior year, the remaining amount was contributed from the Council's general revenues and is included in commercialization expense. The Council allocated $39,683 (2011 - $54,585) of operation overheads and included in NRAS expense. The Council's program directors provide input as to the disbursement decisions from this fund.

8. Commitments and contingencies:

(a) The Council occupies offices under a long-term lease with varying terms to November 29, 2014. Minimum annual payments include the Council's estimated share of utilities and other costs of occupancy.

(b) The Council is committed to lease a photocopier until August 2013 at a quarterly rental of $3,174.

Total estimated lease payments up to the end of the lease terms are as follows:

2013	$ 237,740
2014	252,657
2015	161,252

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

9. Contractual obligations:

The Council has entered into a number of project grant contracts as at March 31, 2012 for the future funding of research projects to be completed subsequent to the year end.

These contractual obligations are funded in installments and payments are due based on conditions included in the contract being satisfied. As such, no liability has been accrued in the financial statements as the Council is not liable for payments until these conditions have been met.

The research project contractual obligations of the Council as at March 31, 2012 are $377,500 (March 31, 2011 - $215,000; April 1, 2010 - $550,563).

10. Employee future benefits:

The Council and its employees contribute to the Public Service Pension Plan (the "Plan") in accordance with the *Public Sector Pension Plans Act* (the "Act"). The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the Act applies. As the Plan is a multi-employer, defined benefit plan, the Council accounts for its payments on the basis of a defined contribution plan. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the Plan members and will be reflected in their future contributions. The most recent actuarial valuation (March 31, 2011) indicated an unfunded liability of $275 million. The plan covers approximately 53,500 active employees. The next required valuation will be as of March 31, 2014 with results available in 2015.

During the year, the Council paid and expensed $86,505 (2011 - $108,733) to the Plan.

11. Related parties:

The Council is related through common control to all Province of British Columbia ministries, agencies, Crown corporations, school districts, health authorities, hospital societies, universities and colleges that are included in the provincial government reporting entity. Transactions with these entities, unless disclosed otherwise, are considered in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

BRITISH COLUMBIA INNOVATION COUNCIL

Notes to Financial Statements (continued)

Years ended March 31, 2012 and 2011

12. Budget data:

The unaudited budget data presented in these financial statements is based on the 2012 operating budget approved by the Board of Directors on December 15, 2011.

13. Expenses by object:

The following is a summary of expenses by object:

	2012	2011
Expenses:		
Program expenses and disbursements	$ 7,998,477	$ 8,268,565
Salaries and benefits	1,391,825	1,590,244
Rent	418,041	274,146
Contracted services	125,749	188,100
Office expenses	87,203	120,233
Other costs	271,574	274,758
	10,292,869	10,716,046
Amortization	47,575	61,671
Total expense	$ 10,340,444	$ 10,777,717

Rent expense includes a one-time rent provision setup of $87,232 (2011 - nil) and a termination notice payment due to the reduction of office spaces of $28,718 (2011 - nil).

APPENDIX A: STARTUP GROWTH COMPONENTS

Concept

1. Early-1. stage market research plan
2. Concept description PowerPoint
3. Product positioning statement(s)
4. One page strategic plan (next 12 months)
5. Product or technology focus

Research

6. Acquiring research customer(s) for market testing
7. Customer pain and demand assessment
8. Competitive analysis
9. Detailed market analysis
10. Business plan PowerPoint (business plan summary)
11. IP strategy (trademarks and patents)
12. Starting a company (trademark name, register company, banking, tax numbers, licenses, permits, company charter and bylaws)
13. Capital or corporate structure
14. Assembling core team
15. IRAP or other sources of government funding (Futureworks, EBC, WD, SRED)
16. Tax jurisdictions (state, provincial, city, federal, capital and permanent residence)
17. Statutory compliance (WCB, labor statutes, licenses, taxes)
18. Compulsory requirements (insurance, bonding, safety, environmental, standards)
19. Identification of the target customer (ideal customer profile)

Proof of Concept

20. Secure alpha and beta customers
21. Product commercialization analysis
22. Prototype
23. Business plan
24. Detailed budget and finance plan
25. Key market identification and market size analysis
26. Marketing/sales plan
27. Angel investment PowerPoint
28. Operations
29. Revenue model
30. Pricing strategy
31. Product cost model
32. Warehousing and distribution models

Early Traction

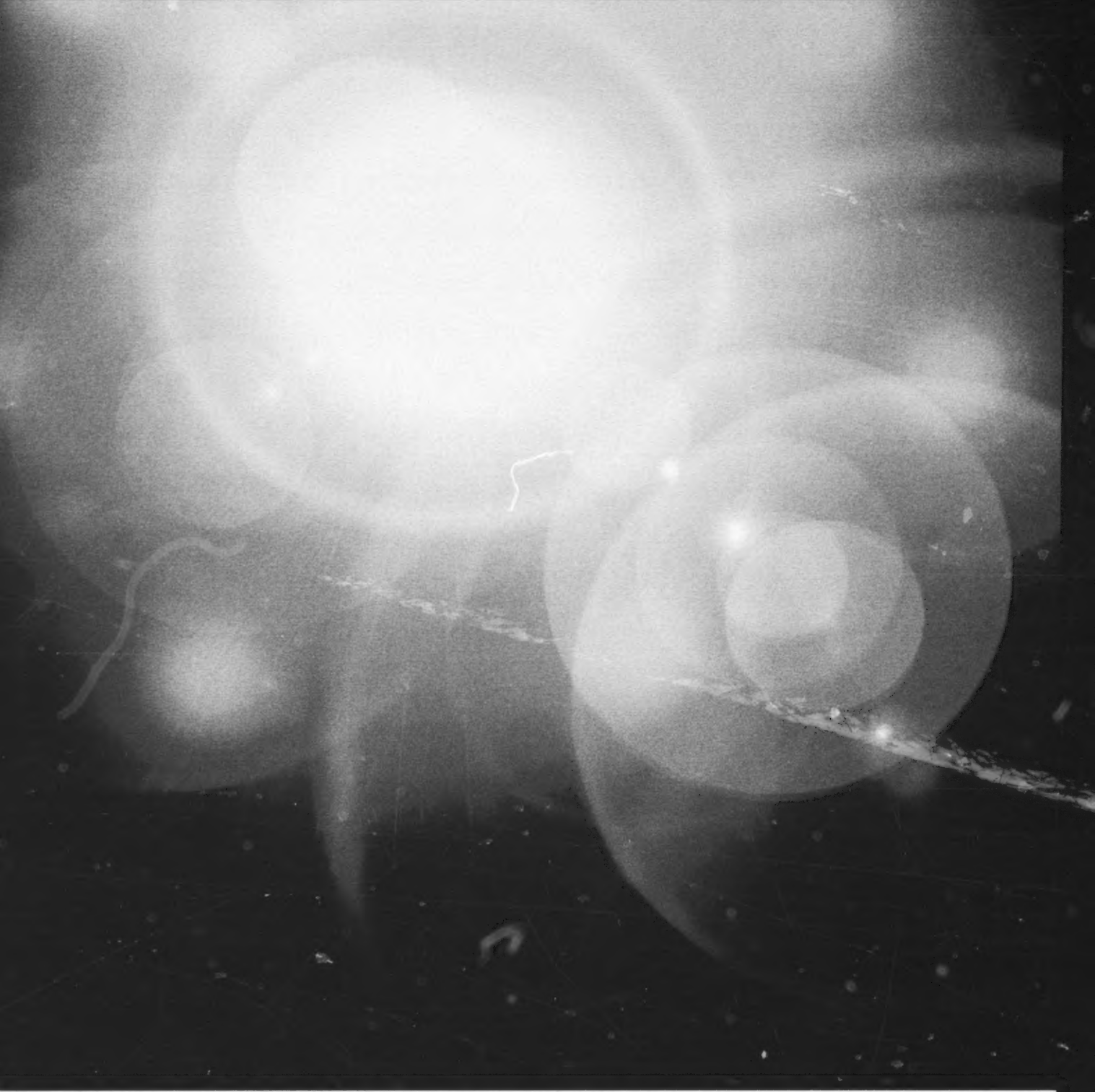
33. Secure lead customer(s) (early adopters)
34. Operations plan
35. Business plan executive summary
36. Business plan
37. 1st or 2nd financing
38. Getting or ensuring the right people are "on the bus"
39. Key agreements: shareholders agreement, employment, contracts, etc.
40. ESOP plan and tracking
41. Financing requirements
42. Financing plan
43. Financing presentation
44. Identify and introduce to sources of financing (angels, VCs, strategic partners)
45. Debt versus equity analysis

Early -Stage Growth

46. Technology roadmap
47. Strategic selling and sales process
48. Sales funnel and management
49. Channels to market
50. Strategic partnerships
51. Marketing plan
52. Product roadmap
53. Branding statements
54. Sales plan
55. Exit strategy

Operations

56. Operations plan
57. Execution plans
58. Price elasticity and sensitivity/ability to manage costs
59. Capital acquisitions versus leasing options
60. Risk assessments
61. Cross border transactions
62. Financial models
63. Budget and cash plan
64. Mission, vision and core values
65. Purchasing, supply chain and logistics strategy
66. Manufacturing or outsourcing strategy
67. Quality control and revision or batch management



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